AIRASIA BERHAD
(Company No. 284669-W)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2010

ANNOUNCEMENT

The Board of Directors of AirAsia Berhad ("AirAsia" or "the Company") is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as "the Group") for the second quarter ended 30 June 2010.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
	Note	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Revenue		940,656	747,996	1,818,697	1,545,127
Cost of Sales		(526,369)	(393,920)	(1,061,874)	(799,901)
Gross profit from operations		414,287	354,076	756,823	745,226
Other operating expenses		(50,383)	(35,526)	(93,092)	(64,459)
Other income		-	4,295	-	52,824
Profit from operations		363,904	322,845	663,731	733,591
FRS 139 Adjustment	10	(24,815)	-	(46,010)	-
Net Finance (cost) / income	24	(72,556)	(76,618)	20,428	(265,084)
Depreciation and amortisation		(122,320)	(101,828)	(237,749)	(199,990)
Exceptional item	25	-	(6,238)	-	(6,238)
Share of results of jointly controlled entity	20	-	-	-	-
Share of results of associate	20	-	-	-	-
Profit before taxation		**144,213**	**138,161**	**400,400**	**262,279**
Current taxation	26	(3,954)	(120)	(8,325)	(300)
Deferred taxation	26	58,671	1,135	30,965	80,347
Profit after taxation		**198,930**	**139,176**	**423,040**	**342,326**
Attributable to:					
-Equity holders of the company		198,930	139,176	423,040	342,326
		198,930	**139,176**	**423,040**	**342,326**
Basic earnings per share (sen)		7.2	5.9	15.3	14.5
Diluted earnings per share (sen)		7.2	5.9	15.3	14.5

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the audited financial statements.

AIRASIA BERHAD
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SECOND QUARTER REPORT ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended (restated)	Period ended	Period ended (restated)
		30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Profit/(Loss) for the period		198,930	139,176	423,040	342,326
Other comprehensive income / (loss)	**11**	(18,806)	0	(29,956)	0
Cash flow hedges					
Total comprehensive income/(loss) for the period		180,124	139,176	393,084	342,326
Total comprehensive income/(loss) attributable to:					
Equity holders of the company		180,124	139,176	393,084	342,326
Minority Interest		-	-	-	-

AIRASIA BERHAD
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SECOND QUARTER REPORT ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30/06/2010 RM'000	AS AT 31/12/2009 RM'000
NON CURRENT ASSETS			
Property, plant & equipment	12	8,432,047	7,942,188
Investment in associates		29	29
Derivative Financial Instruments	32	84,615	-
AFS Financial Assets		132,697	26,704
Goodwill		8,738	8,738
Deferred tax asset		782,239	751,274
Long term prepayments		23,260	23,593
Amount due from a jointly controlled entity		173,274	171,885
Amount due from associates		263,714	253,037
		9,900,613	9,177,448
CURRENT ASSETS			
Inventories (at cost)		29,845	20,864
Derivative Financial Instruments	32	9,467	-
Trade receivables		59,001	68,526
Prepayment, deposits and other receivables		641,003	652,556
Deposit on aircraft purchase		295,292	330,978
Amount due from a jointly controlled entity		195,594	194,503
Amount due from associates		142,381	203,851
Deposits, bank and cash balances		858,094	746,312
		2,230,677	2,217,590
CURRENT LIABILITIES			
Trade and other payables		779,754	872,990
Sales in advance		352,741	283,224
Borrowings	30	551,951	540,212
Hire-purchase payables		34	56
Current tax liabilities		15,783	9,824
		1,700,263	1,706,306
NET CURRENT ASSETS		**530,414**	**511,284**
NON CURRENT LIABILITIES			
Borrowings	30	7,034,225	7,067,696
Hire-purchase payables		0	16
Derivative Financial Instruments	32	437,848	-
		7,472,073	7,067,712
		2,958,954	**2,621,020**
CAPITAL AND RESERVES			
Share capital	7	275,941	275,774
Reserves		2,683,013	2,345,246
Shareholders' funds		2,958,954	2,621,020
		2,958,954	**2,621,020**
Net assets per share attributable to ordinary equity holders of the Company (RM)		**1.07**	**0.95**

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

AIRASIA BERHAD
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SECOND QUARTER REPORT ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED 30/06/2010 RM'000	PERIOD ENDED 30/06/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	537,555	262,279
Adjustments:		
Property, plant and equipment		
- Depreciation	237,749	199,990
- Gain on disposal	-	(37,687)
FRS 139 Adjustment	46,010	-
Amortisation of long term prepayments	3,891	4,333
Amortisation of other investments	7	6
Unrealised foreign exchange (gain)/loss	(302,145)	76,450
Interest expense	182,498	186,601
Interest income	(38,915)	(1,682)
	666,650	690,290
Changes in working capital		
Inventories	(8,981)	(2,080)
Receivables and prepayments	11,509	194,408
Trade and other payables	(84,830)	(230,555)
Intercompany balances	(11,434)	(161,727)
Cash generated from / (used in) operations	572,914	490,336
Interest paid	(126,135)	(186,601)
Interest received	38,915	1,682
Tax paid	(2,366)	(1,276)
Net cash from / (used in) operating activities	**483,328**	**304,141**
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(727,608)	(566,475)
- Proceeds from disposal	-	165,412
Deposit on aircraft purchase	19,461	(5,822)
Long term prepayments	(3,558)	(11,721)
Net cash used in investing activities	**(711,705)**	**(418,606)**
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	1,802	1,500
Hire purchase instalments paid	(38)	(38)
Proceeds from borrowings	619,183	561,333
Repayment of borrowings	(280,789)	(370,992)
Deposits pledged as securities	(932)	(993)
Net cash from financing activities	**339,226**	**190,810**
NET INCREASE/(DECREASE) FOR THE FINANCIAL YEAR	110,849	76,345
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	718,465	120,803
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR*	**829,314**	**197,148**

* The balance at end of financial period excludes fixed deposits of RM28.780 million (30/06/09: RM33.953 million) pledged with licensed bank as securities for banking facilities granted to the Company

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2009

AIRASIA BERHAD
(Company No. 284669-W)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company									
	Issued and fully paid ordinary shares of RM0.10 each									
	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	Foreign Exchange Reserves RM'000	Cash Flow Hedge Reserves RM'000	AFS Reserves RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	TOTAL EQUITY RM'000
At 1 January 2010	2,757,745	275,774	1,206,216	592	-	-	1,138,438	2,621,020	-	2,621,020
Effect of adopting FRS 139	-	-	-	-	(65,670)	105,996	(97,278)	(56,952)	-	(56,952)
At 1 January 2010 (As restated)	2,757,745	275,774	1,206,216	592	(65,670)	105,996	1,041,160	2,564,068	-	2,564,068
Net Profit for the period	-	-	-	-			423,040	423,040	-	423,040
Other comprehensive income	-	-	-	-	(29,956)	-	-	(29,956)	-	(29,956)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,668	167	1,635	-			-	1,802	-	1,802
At 30 June 2010	2,759,413	275,941	1,207,851	592	(95,626)	105,996	1,464,200	2,958,954	-	2,958,954
At 1 January 2009	2,374,210	237,421	735,352	592	-	-	632,171	1,605,536	-	1,605,536
Net Profit for the period	-	-	-	-	-	-	342,326	342,326	-	342,326
Issuance of ordinary shares										
- Pursuant to the Employees'	-	-	-	-	-	-	-	-	-	-
Share Option Scheme ('ESOS')	-	139	1,361	-	-	-	-	1,500	-	1,500
At 30 June 2009	2,374,210	237,560	736,713	592	-	-	974,497	1,949,362	-	1,949,362

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

KEY OPERATING STATISTICS – 30 June 2010

Performance indicator for Malaysian operations for current quarter against the same quarter last year

Quarter Ended: 30 June	Apr-Jun 2010	Apr-Jun 2009	Change y-o-y
Passengers Carried	3,893,476	3,519,486	11%
Capacity	5,061,240	4,707,360	8%
Seat Load Factor	77%	75%	2 ppt
ASK (million)	5,943	5,450	9%
RPK (million)	4,317	3,766	15%
Average Fare (RM)	173	160	8%
Ancillary Income per pax (RM)	43	27	59%
Unit Passenger Revenue (RM)	216	187	16%
Rev / ASK (sen)	15.83	13.73	15%
Rev / ASK (US cents)	4.88	3.87	26%
Cost / ASK (sen)	11.74	9.74	21%
Cost / ASK (US cents)	3.62	2.74	32%
Cost / ASK-ex fuel (sen)	6.32	6.03	5%
Cost / ASK-ex fuel (US cents)	1.95	1.70	15%
Aircraft (average)	47	43	9%
Aircraft (end of period)	50	47	6%
Average Stage Length (km)	1,173	1,171	0%
Number of Flights	28,058	26,152	7%
Fuel Consumed (barrels)	996,205	943,703	6%
Average Fuel Price (US$/barrel)	99.8	60.3	65%

Exchange Rates: RM:USD – 2010: 3.24, 2009: 3.55

Definition and calculation methodology

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before interest and tax divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134: "Interim Financial Reporting" and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2009, except for those accounting policies detailed in section 2 below.

2. Summary of significant accounting policies

With effect from 1 January 2010 the Group has adopted the following accounting standards: FRS 139: Financial Instruments, Recognition and Measurement, FRS 8 Operating Segments, FRS 101 (Revised) : Presentation of Financial Statements and FRS 7: Financial Instruments: Disclosures with effect from 1 January 2010.

i) Effects of Adoption of FRS 139: Financial Instruments, Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of financial instruments and the requirements for the application of hedge accounting.

Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each year end except for those financial instruments measured at fair value through profit or loss.

Financial Assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets were previously classified within Other Investments.

Financial Liabilities

a) Borrowings

Borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised or through the amortisation process.

b) Derivative Financial Instruments

Derivative financial instruments are required to be initially recognised at fair value on the date the derivative contract is entered into and subsequently at fair value at each balance sheet date. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in the income statement.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of item being hedged as follows:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while an ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

In accordance with the provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by making the following FRS139 adjustments to opening balances in the balance sheet as at 1 January 2010.

	As at 01/01/2010 RM'000
Available-for-Sale Financial Assets	105,996
Derivative Financial Assets	158,115
Derivative Financial Liabilities	(288,760)
Amounts due from a jointly controlled entity	(15,462)
Amounts due from an associate	(16,841)
	(56,952)

In addition, these changes in accounting policies have the effect of decreasing the profit for the current period by RM35.6 million, and by RM174.8 million in the year to date.

ii) Effects of Adoption of FRS 8: Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its reportable segments. AirAsia Berhad operates a single reportable segment, that of Airline Operations, for decision making purposes so no further segment information is disclosed.

iii) Effects of Adoption of FRS 101 (Revised): Presentation of Financial Statements

FRS 101 (Revised) requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line labelled as total comprehensive income. The revised standard also requires the presentation of the statement of comprehensive income: its presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

This is a disclosure standard with no impact on the financial position or financial performance of the Group.

iv) Effects of Adoption of FRS 7: Financial Instruments: Disclosures

FRS 7 requires comprehensive disclosure on qualitative and quantitative information about exposure to risks from financial instruments. Such disclosures will be made on the audited annual financial statements of the Group.

v) Changes in Accounting Policies and Effects of Adoption of New and Revised FRSs

At the date of authorisation of this quarterly condensed financial report, the MASB had issued the following FRS and Interpretations but which were not yet effective and have not been adopted by the Group:

	Effects for financial periods beginning on or after
FRS 1 (Revised): First time adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised): Business Combination	1 July 2010
FRS 127 (Revised): Consolidated and Separate Financial Instruments (amended)	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of Net Investments in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010

The amendments to the FRS:	
FRS 2: Share-based Payment	1 July 2010
FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 138: Intangible Assets	1 July 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010

The new FRS above is expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the financial year ended 31 December 2009 in their report dated 30 April 2010.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

4. Seasonality of operations

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The seat load factor was 2 percentage points higher in the quarter under review against the same period last year. Compared against the immediate preceding quarter (first quarter January – March 2010), the seat load factor was 3 percentage points higher. This seasonal pattern is in line with the expectation of the Group.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date.

6. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

7. Capital and reserves

During quarter ended 30 June 2010, the total issued and paid-up share capital of the Company increased from 275,882,858 to 275,941,258 ordinary shares by the issuance of 584,000 ordinary shares of RM0.10 each pursuant to the exercise of ESOS at the option price of RM1.08. Other than the above, there was no cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 June 2010.

8. Dividend paid

There were no dividends paid in the quarter ended 30 June 2010.

9. Segment reporting

The Group operates a single reportable segment, that of Airline Operations.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

10. FRS 139 Adjustments

FRS139 Adjustments comprise fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 30 June 2010 as compared to 31 March 2010, and are detailed below:

	Quarter ended 30/06/2010 RM million	Quarter ended 30/06/2009 RM million
(i) Gain / (loss) from fuel contracts	0.7	-
(ii) Gain / (loss) from foreign currency contracts	29.8	-
(v) Gain / (loss) from interest rate contracts	(54.9)	-
	(24.8)	-

The above gains and losses arise from the movement in exchange rates (principally RM:US$), interest rates and jet fuel prices relative to the contracted rate during the quarter.

The fair value of derivative financial instruments is determined by discounting future cash flows to present value.

11. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 30 June 2010 as compared to 31 March 2010 as follows:

	Quarter ended 30/06/2010 RM million	Quarter ended 30/06/2009 RM million
(i) Fair value loss in the period	(34.7)	-
(i) Amount transferred to income statement	15.9	-
	(18.8)	-

Fair value changes in effective hedging contracts are recognized directly in equity and are transferred to the income statement in the same period as the underlying hedged item affects profit or loss.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

12. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 30 June 2010, the Group acquired property, plant and equipment with a cost of RM726.6 million (quarter ended 30 June 2009: RM145.6 million).

During the quarter ended 30 June 2010, there was no disposal of property, plant and equipment (quarter ended 30 June 2009: RM4.0 million).

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 30 June 2010.

13. Post balance sheet events

There were no material events after the period end that have not been reflected in the financial statements for the financial period ended 30 June 2010 as at the date of this report.

14. Changes in composition of the Group

There were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the quarter.

15. Contingent assets

As at the date of this report, the Group does not have any contingent assets.

16. Changes in contingent liabilities since the last annual balance sheet date

There were no material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2009.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

17. Capital commitments outstanding not provided for in the interim financial report

Capital commitments for property, plant and equipment:

	Group and Company	
	30/06/2010	30/06/2009
	RM'000	RM'000
Contracted for	14,940,162	17,431,403
Authorised but not contracted for	8,415,305	8,710,108
	23,355,467	26,141,511

18. Material related party transactions

Details of the relationship and transactions between AirAsia and its related parties are as described below. The related party transactions described were carried out on the terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

Name of company	Relationship
Thai AirAsia	A jointly controlled entity of the Company
PT Indonesia AirAsia	An associate of the Company
AirAsia X Sdn. Bhd.	An investment with common shareholders and directors of the Company

These following items have been included in the Income Statement.

	Group	
	Quarter ended 30/06/2010 RM'000	Quarter ended 30/06/2009 RM'000
Thai AirAsia		
- Lease rental income on aircraft	51,209	41,920
- Maintenance and overhaul charges	13,404	6,584
PT Indonesia AirAsia		
- Lease rental income on aircraft	40,945	39,513
- Maintenance and overhaul charges	3,795	7,408
AirAsia X Sdn. Bhd.		
- Services charged to AirAsia X Sdn Bhd	10,208	7,766

19. Review of performance

(A) Performance of current quarter against the same quarter last year

Quarter Ended: 30 June RM'000	Apr-Jun 2010	Apr-Jun 2009	Change y-o-y
Ticket Sales	673,332	562,323	20%
Ancillary Income	167,028	95,121	76%
Other Operating Income	100,296	90,551	11%
Revenue	**940,656**	**747,996**	**26%**
Staff Cost	(79,118)	(59,413)	33%
Fuel and Oil	(322,396)	(202,177)	59%
User & Station Charges	(56,351)	(28,326)	99%
Maintenance & Overhaul	(11,331)	(33,563)	66%
Sales and Marketing	(30,731)	(24,128)	27%
Others	(57,557)	(47,624)	21%
EBITDAR	**383,171**	**352,764**	**9%**
Lease of Aircraft	(18,021)	(33,705)	47%
EBITDA	**365,150**	**319,059**	**14%**
Depreciation & Amortisation	(122,320)	(101,827)	20%
EBIT	**242,830**	**217,232**	**12%**
FRS139 Adjustments	(24,815)	0	-
Exceptional Item	0	(6,238)	-
Net Finance Cost	(78,631)	(87,500)	10%
Unrealised forex gain / (loss)	(60)	11,678	101%
Other Income / (Expenses)	4,330	2,990	45%
Profit before tax	**143,654**	**138,162**	**4%**
Taxation	55,276	1,014	5350%
Profit after tax	**198,930**	**139,176**	**43%**
EBITDAR Margin	40.7%	47.2%	6.5 ppt
EBIT Margin	25.8%	29.0%	3.2 ppt

The Group recorded revenue of RM941 million for the quarter ended 30 June 2010 ("2Q10"), 26% higher than the revenue of RM748 million recorded in the quarter ended 30 June 2009 ("2Q09"). The revenue growth was supported by 11% growth in passenger volumes and average fare that was 8% higher at RM173 as compared to RM160 achieved in 2Q09. Seat load factor was 2 percentage points higher at 77% compared to 75% in the same period last year.

The profit after tax for the period was RM199 million, an increase of 43% over the RM139m profit after tax in 2Q09.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

(B) Reconciliation of PBT to Core Operating Profit

Quarter Ended: 30 June RM'000	Apr-Jun 2010	Apr-Jun 2009	Change y-o-y
Profit before taxation	143,654	138,162	4%
Adjustments:			
Unwinding of derivatives (gain) / loss	0	6,238	-
Forex (gain) / loss	60	(11,678)	-
Disposal of assets (gain) / loss	0	(4,296)	-
FRS 139 adjustments (gain) / loss	24,815	0	-
Core Operating Profit / (Loss)	**168,529**	**128,426**	**31%**
Core Operating Profit Margin	17.9%	17.2%	0.7 ppt

The Group's core operating profit for the period was RM168 million, a 31% increase over the core operating profit achieved in 2Q09. The core operating profit margin for the period was at 17.9%, 0.7 percentage points higher than the 17.2% core operating profit margin achieved in 2Q09. There were nil unrealized translation gains in the quarter as gains from the slight strengthening of the Malaysian Ringgit were offset by losses from the change in the fair value of currency derivatives.

(C) Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	Apr-Jun 2010	Jan-Mar 2010	Change q-o-q
Cash from Operations	187,772	295,556	36%
Cash from Investing Activities	(707,031)	(4,674)	15027%
Cash from Financing Activities	440,261	(101,035)	536%
Net Cash Flow	**(78,998)**	**189,847**	**142%**

The Group's cash from operations was at RM188 million, a decrease of RM108 million against the immediate preceding quarter ended March 2010. The net cash flow is lower in the quarter as compared to the immediate preceding quarter, the result of capital expenditure requirements as 6 A320 aircraft were delivered to the Company in the period.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

(D) Balance sheet commentary for current quarter

Balance Sheet RM million	Apr-Jun 2010	Jan-Mar 2010	Change q-o-q
Total Debt	7,586	7,187	6%
Cash	858	938	9%
Net Debt	**6,728**	**6,249**	**8%**
Net Gearing	2.27	2.25	1%

The Group's total debt as of end of 30 June 2010 was RM7,586 million. The Group's net debt after offsetting the cash balances amounted to RM6,728 million. This translates to a net gearing ratio of 2.27 times, only 1% higher than the immediate preceding quarter.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

20. Jointly Controlled Entity and Associate Company

i) Jointly Controlled Entity - AirAsia Thailand

AirAsia Thailand is a joint venture company owned 48.9% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board FRS131, Interests in Joint Ventures. As the Group's interest in AirAsia Thailand has been reduced to zero no additional losses are provided for, and the Group will only resume recognizing its share of profits only after its share of profits equals the share of losses not recognized.

AirAsia Thailand recorded revenue of THB2,664 million in 2Q10, 30% higher compared to the THB2,049 million achieved in 2Q09. The positive growth in revenue is attributed to higher passenger volume, a higher contribution from ancillary income and improving yields. AirAsia Thailand has achieved significant passenger growth of 11% as compared to 2Q09 and load factors increased by 4 percentage points to 74%. Average base fare were higher by 12% at THB1,804 as compared to THB1,614 achieved in 2Q09.

Despite the recent political problems in country AirAsia Thailand's achieved a net profit of THB49 million in 2Q10, an increase of 161% over the THB80 million loss in 2Q09. The core operating profit for the period was also THB49 million as there were no forex gains or losses in the period.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

(A) Performance indicator for Thailand operations for current quarter against the same quarter last year

Quarter Ended: 30 June	Apr-Jun 2010	Apr-Jun 2009	Change y-o-y
Passengers Carried	1,237,952	1,115,648	11%
Capacity	1,651,192	1,596,056	3%
Seat Load Factor	75%	70%	5 ppt
ASK (million)	1,780	1,474	21%
RPK (million)	1,301	1,022	27%
Average Fare (THB)	1,804	1,614	12%
Ancillary Income per pax (THB)	175	125	40%
Unit Passenger Revenue (THB)	1,980	1,739	14%
Rev / ASK (THB)	1.50	1.39	8%
Rev / ASK (US cents)	4.59	3.98	15%
Cost / ASK (THB)	1.42	1.45	2%
Cost / ASK (US cents)	4.35	4.15	5%
Cost / ASK-ex fuel (THB)	0.88	0.95	8%
Cost / ASK-ex fuel (US cents)	2.68	2.73	2%
Aircraft (average)	18	17	6%
Aircraft (end of period)	20	17	18%
Average Stage Length (km)	1,064	916	16%
Number of Flights	9,686	9,550	1%
Fuel Consumed (barrels)	301,568	290,950	4%
Average Fuel Price (US$/barrel)	98.2	72.1	36%

Exchange Rates: THB:USD – 2010: 32.61, 2009: 34.92

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

(B) Performance of current quarter against the same quarter last year

Quarter Ended: 30 June THB'000	Apr-Jun 2010	Apr-Jun 2009	Change y-o-y
Ticket Sales	2,233,686	1,800,724	24%
Ancillary Income	391,256	224,588	74%
Other Operating Income	39,488	23,725	66%
Revenue	**2,664,430**	**2,049,037**	**30%**
Staff Cost	(243,478)	(201,450)	21%
Fuel and Oil	(966,103)	(732,491)	32%
User & Station Charges	(304,878)	(276,052)	10%
Maintenance & Overhaul	(224,484)	(289,326)	22%
Sales and Marketing	(109,465)	(93,491)	17%
Others	(131,640)	(103,609)	27%
EBITDAR	**684,381**	**352,618**	**94%**
Lease of Aircraft	(509,031)	(412,236)	23%
EBITDA	**175,350**	**(59,618)**	**394%**
Depreciation & Amortisation	(34,781)	(28,337)	23%
EBIT	**140,569**	**(87,955)**	**260%**
FRS139 Adjustments	0	0	-
Net Finance Cost	(96,301)	6,903	1495%
Unrealised forex gain / (loss)	0	0	n/a
Other Income / (Expenses)	4,619	478	867%
Profit before tax	**48,887**	**(80,575)**	**161%**
Taxation	0	0	n/a
Profit after tax	**48,887**	**(80,575)**	**161%**
EBITDAR Margin	25.7%	17.2%	8.5 ppt
EBIT Margin	5.3%	-4.3%	9.6 ppt
Profit after Tax Margin	1.8%	-3.9%	5.7 ppt

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

ii) Associate Company - AirAsia Indonesia

AirAsia Indonesia is an associate company owned 48.9% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board FRS128, Investments in Associates. As the Group's interest in AirAsia Indonesia has been reduced to zero no additional losses are provided for, and the Group will only resume recognizing its share of profits only after its share of profits equals the share of losses not recognized.

Indonesia AirAsia recorded revenue of IDR656 billion in 2Q10, 44% higher as compared to the IDR454 billion achieved in 2Q09. The positive growth in revenue can be attributed to higher passenger volumes compared, improved contribution from ancillary income per passenger which increased by 88% and higher base fares which rose by 23% over the same quarter in 2009. Passenger carried by AirAsia Indonesia grew by 10% in 2Q10 as compared to 2Q09, while the seat load factor remained unchanged at 74%.

The Indonesian operations produced a profit after tax of IDR111 billion in 2Q10, a significant improvement over the IDR64 billion loss recorded in the same quarter of 2009. The core operating profit in the period was also IDR111 billion as no forex gains or losses were recognized in the period under review.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

(A) Performance indicator for Indonesia operations for current quarter against the same quarter last year

Quarter Ended: 30 June	Apr-Jun 2010	Apr-Jun 2009	Change y-o-y
Passengers Carried	947,786	863,440	10%
Capacity	1,269,112	1,164,588	9%
Seat Load Factor	75%	74%	1 ppt
ASK (million)	1,624	1,335	22%
RPK (million)	1,217	995	22%
Average Fare (IDR)	563,219	456,243	23%
Ancillary Income per pax (IDR)	126,798	67,576	88%
Unit Passenger Revenue (IDR)	690,017	523,819	32%
Rev / ASK (IDR)	403.89	340.56	19%
Rev / ASK (US cents)	4.43	3.23	37%
Cost / ASK (IDR)	324.00	385.22	16%
Cost / ASK (US cents)	3.55	3.65	3%
Cost / ASK-ex fuel (IDR)	190.07	220.81	14%
Cost / ASK-ex fuel (US cents)	2.08	2.09	0%
Aircraft (average)	14	14	0%
Aircraft (end of period)	15	16	-6%
Average Stage Length (km)	1,278	1,138	12%
Number of Flights	7,358	7,063	4%
Fuel Consumed (barrels)	283,467	246,642	15%
Average Fuel Price (US$/barrel)	96.2	84.4	14%

Exchange Rates: USD:IDR – 2010: 9,117, 2009:10,540

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

(B) Performance of current quarter against the same quarter last year

Quarter Ended: 30 June IDR m	Apr-Jun 2010	Apr-Jun 2009	Change y-o-y
Ticket Sales	533,811	393,938	36%
Ancillary Income	120,177	58,348	106%
Other Operating Income	1,780	2,242	21%
Revenue	**655,769**	**454,529**	**44%**
Staff Cost	(48,103)	(44,248)	9%
Fuel and Oil	(217,461)	(219,426)	1%
User & Station Charges	(58,444)	(28,668)	104%
Maintenance & Overhaul	(39,583)	(64,124)	38%
Sales and Marketing	(24,249)	(16,984)	43%
Others	(20,351)	(21,701)	6%
EBITDAR	**247,578**	**59,379**	**317%**
Lease of Aircraft	(114,412)	(116,728)	2%
EBITDA	**133,166**	**(57,349)**	**332%**
Depreciation & Amortisation	(3,462)	(2,257)	53%
EBIT	**129,704**	**(59,605)**	**318%**
FRS139 Adjustments	0	0	-
Net Finance Cost	(18,235)	(4,275)	327%
Unrealised forex gain / (loss)	0	0	-
Other Income / (Expenses)	(42)	(754)	94%
Profit before tax	**111,426**	**(64,634)**	**272%**
Taxation	0	0	-
Profit after tax	**111,426**	**(64,634)**	**272%**
EBITDAR Margin	37.8%	13.1%	24.7 ppt
EBIT Margin	19.8%	-13.1%	32.9 ppt
Profit after Tax Margin	17.0%	-14.2%	31.2 ppt

(C) Unrecognised share of profits/(losses) in jointly controlled entity and associate company.

FRS 128 states that interest in an associate is defined as "the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate". On this basis, the share of losses of the investment in associate was equity accounted for by the Group and limited to the Group's investment in the ordinary share capital of the associate.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

	Unrecognised share of net profit / (loss) for the Quarter ended 30/06/2010 RM'Million	Unrecognised share of net profit / (loss) as of 30/06/2010 RM'Million
Thai AirAsia	2.4	(207.9)
Indonesia AirAsia	19.4	(215.0)

21. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM199 million for the quarter under review. This is lower by RM25 million compared to the RM224 million profit after taxation achieved in the immediately preceding quarter ended 31 March 2010.

22. Commentary on prospects

Based on the current forward booking trend, the underlying passenger demand in the third and fourth quarters for the Malaysian, Thai and Indonesian operations remains positive. Load factors achieved in the month of July were in line with the prior year, while there have been significant improvements in yield.

In Thailand, the third quarter is a stronger quarter while the fourth quarter is the peak season for tourist arrivals and a higher demand for leisure travel. The current political situation in Thailand is not expected to have any significant impact in the second half of the year.

Indonesia's outlook for the second and third quarters of 2010 is positive with encouraging passenger and yield growth. Indonesia's focus on longer international routes is expected to continue to drive improved financial performance.

The Group will take delivery of 6 A320 aircraft in the third quarter of the year two of which will be operated in Malaysia and four in Thailand. In the fourth quarter 4 A320 aircraft will be delivered, one of which will be operated in Malaysia and three in Indonesia. The aircraft to be based in Malaysia will attract the Investment Allowance following the recent renewal of this tax incentive for another five year period from 1 August 2009.

The new aircraft will be used to replace the B737's and will provide additional capacity across the network.

Barring any unforeseen circumstances, the Directors remain positive with the prospects of the Group for the second half of 2010.

23. Profit forecast

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest are not applicable for the current quarter and financial year-to-date.

24. Finance (Cost)/Income

	Group and Company			
All figures in RM'000	**Quarter Ended 30/06/10**	**Quarter Ended 30/06/09**	**Year Ended 30/06/10**	**Year Ended 30/06/09**
Finance Costs				
Interest costs				
- Bank borrowings	(90,896)	(88,477)	(182,492)	(186,594)
- Hire-purchase payables	(3)	(3)	(6)	(6)
Bank facilities and other charges	(1,297)	(709)	(1,914)	(1,470)
	(92,196)	**(89,189)**	**(184,412)**	**(188,070)**
Finance Income				
Interest on inter-co balances (TAA and IAA)	16,649		32,857	
Interest on deposits	3,051	893	6,058	1,682
	(72,496)	**(88,296)**	**(145,497)**	**(186,388)**
Net Forex Exchange gain / (loss)	15,820	11,678	303,081	(78,696)
FRS 139 Adjustment	(15,880)		(137,156)	
Net Finance (Cost) / Income	**(72,556)**	**(76,618)**	**20,428**	**(265,084)**

25. Exceptional item

There were no exceptional items in the quarter under review.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

26. Income tax expense

Current taxation
Current taxation of RM3.9 million relates to interest income.

Deferred taxation
The RM58.7 million deferred tax credit arises from the net of RM102.3 million deferred tax liabilities and RM161.0 million of deferred tax assets recognized during the period. The deferred tax liabilities arose as the difference between the net book value and tax written down value of property plant and equipment increased in the period a result of capital allowances granted offset by depreciation. The deferred tax assets arose from capital allowances and investment allowances granted in the period but which remained unutilized.

27. Unquoted investments and properties

There was no sale of unquoted investments or properties for the quarter under review and financial period to date.

28. Quoted investments

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

29. Status of corporate proposals announced

Vietnam Joint Venture

AirAsia Berhad ("AirAsia') and Sovico Holdings Joint Stock Company are working out a suitable structure for the proposed venture in Vietnam which includes the option of AirAsia initially providing operational and management services to Vietjet Aviation Joint Stock Company for a prescribed period of time before an investment is made.

30. Borrowings and debt securities

	At 30/06/2010 RM'000	At 31/03/2010 RM'000
Current	551,951	521,185
Non-current	7,034,225	6,665,778
Total Debt	**7,586,175**	**7,186,963**

The borrowings are mainly in the form of term loans which are for the purchase of new Airbus A320-200 aircraft.

The maturity period of non-current borrowing is 14 years and below. Borrowings are denominated in US Dollar (predominantly), RM and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 31 (i).

The Company's aircraft financing facilities are principally secured by the following types of security:

(a) Assignment of rights under contract with Airbus over each aircraft

(b) Assignment of insurance and reinsurances of each aircraft

(c) Assignment of airframe and engine warranties of each aircraft

(d) Mortgage of the aircraft

(e) Deregistration Power of Attorney

31. Derivative Financial Instruments:

The fair value of derivative financial instruments is determined in accordance with FRS139 which was adopted by the Group with effect from 1 January 2010. The principal changes in accounting policies and effects resulting from the adoption of FRS 139 are disclosed in section 2 of this announcement.

(i) Forward Foreign Exchange Contracts
As at 30 June 2010, the Group has hedged approximately 48% of its dollar liabilities pertaining to its aircraft, engine and simulator loans into Malaysian Ringgit ("MYR") by using long dated foreign exchange forward contracts. The calculation includes loans for aircraft deployed to Thai AirAsia and Indonesia AirAsia where AirAsia receives lease payments in USD. However, if the calculation is based on loans pertaining to aircraft being deployed to Malaysia, approximately 61% of the loans are hedged from USD into MYR. The latest weighted average foreign forward exchange rate is at 3.2000 USD:MYR.

(ii) Interest Rate Hedging
The Group has entered into interest rate hedging transactions to hedge against fluctuations in the US$ Libor on its existing and future aircraft financing for aircraft delivering from 2005 to 2010. As at 30 June 2010, there are six forward start interest rate swaps ranging from 3.20% to 3.56% with 12 years tenure for future aircraft loans for aircraft purchases delivery in 2010.

(iii) Fuel Hedging
As at 30 June 2010, the Group has entered into 'crack' fixed swaps which cover up to 26% of the Group's total expected fuel volumes for the remaining period of 2010.

In addition, the Group has entered into West Texas Intermediate ("WTI") fixed swap which cover up to 22% of the Group's total expected fuel volumes for the remaining period of 2010.

32. Derivative financial instruments

Type of derivatives	Notional Value as at 30/06/2010	Fair Value as at 30/06/2010 Assets / (Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	1.6	9.5
- 1 year to 3 years	-	-
	1.6	9.5
(ii) Interest rate contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,227.8	(411.7)
	4,227.8	(411.7)
(ii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,039.7	58.5
	4,039.7	58.5

The related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.

33. Material litigation

As at 18 August 2010, there was no material litigation against the Group.

34. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 30 June 2010.

NOTES TO THE UNAUDITED ACCOUNTS – 30 June 2010

35. Earnings per share

(a) Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/06/10	**Preceding Quarter Ended 30/06/09**	**Current Year to Date 30/06/10**	**Preceding Year to Date 30/06/09**
Net profit for the financial period (RM'000)	198,930	139,176	423,040	342,326
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,759,015	2,359,043	2,759,015	2,359,043
Adjusted for share options granted ('000)	4,944	-	4,944	-
Adjusted weighted average number of ordinary shares ('000)	2,763,959	2,359,043	2,763,959	2,359,043
Basic earnings per share (sen)	7.2	5.9	15.3	14.5
Diluted earnings per share (sen)	7.2	5.9	15.3	14.5

(b) Diluted earnings per share

The Group has no dilution in its earnings per share in the current quarter as there is no dilutive potential.

36. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
31 May 2010